Gaming

BUSINESS PLAN 2005-08

ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2005 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of March 21, 2005 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The Ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

[Original Signed]

Gordon Graydon, *Minister of Gaming*
March 24, 2005

THE MINISTRY

The Ministry of Gaming includes the Department of Gaming, the Alberta Gaming and Liquor Commission (AGLC), the Alberta Lottery Fund, the Alberta Gaming Research Council, the Racing Appeal Tribunal and responsibility for the *Gaming and Liquor Act* and the *Horse Racing Alberta Act*. The Ministry is responsible for ensuring that the gaming and liquor industries in Alberta operate with integrity, accountability, and in a socially responsible manner while maximizing benefits to Albertans. Gaming activities contribute to Albertans' quality of life by providing opportunities for charitable groups to raise funds directly for their valuable work, by providing entertainment options to adults in Alberta, and by providing funding used by government to support community and volunteer initiatives. In 2003-04, charitable and religious organizations raised approximately $226 million through licensed gaming activities under Alberta's unique charitable gaming model. In addition, over

$1 billion of gaming proceeds is provided annually to volunteer groups and public and community-based initiatives through the Alberta Lottery Fund. Alberta's unique privatized liquor industry has more than 1,000 stores and retails over 11,000 listed liquor products. The private sector operates the retailing, warehousing, and distribution of liquor in Alberta and the Alberta Gaming and Liquor Commission licenses and regulates the industry. The province receives approximately $550 million annually through the mark-up on liquor products sold in Alberta.

DEPARTMENT OF GAMING

The Department's primary responsibilities are strategic services, communications, and administration of various lottery-funded programs, including the Community Facility Enhancement Program and the Community Initiatives Program. The Department benefits from services provided by the Alberta Gaming and Liquor Commission in the areas of human resources and information technology and from other administrative services provided through the Alberta Corporate Service Centre.

ALBERTA GAMING AND LIQUOR COMMISSION (AGLC)

The AGLC, a commercial enterprise within the Government of Alberta, consists of a Board and a Corporation. The Corporation acts as the operational arm of the organization, while the Board is responsible for policy and regulatory matters. The AGLC ensures that gaming and liquor activities in Alberta are conducted honestly, openly, and with the highest level of integrity. The AGLC also endeavours to maximize the economic benefits of gaming and liquor activities in the province to the benefit of Albertans.

ALBERTA LOTTERY FUND

The Alberta Lottery Fund, established in 1989, comprises the government's portion of revenues from provincial lotteries (ticket lotteries, slot machines, video lottery terminals, DIGI Bingo, and Keno). Payments from the Fund are voted on in the Legislature and support programs, projects and foundations administered by various ministries. The AGLC administers the Alberta Lottery Fund and the Department of Gaming delivers various lottery-funded programs.

GAMING AND LIQUOR ACT

The Ministry of Gaming is responsible for the *Gaming and Liquor Act*. The legislation sets out the framework for the provision and regulation of gaming and liquor in Alberta, including the roles and responsibilities of the Alberta Gaming and Liquor Commission. It also establishes the Lottery Fund.

ALBERTA GAMING RESEARCH COUNCIL

The Alberta Gaming Research Council is a broad-based advisory group to the Minister of Gaming. The Council is made up of six public representatives and one representative from each of the following organizations: Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Health and Wellness, and Alberta Gaming. The Council was established to help direct the research activities of the Alberta Gaming Research Institute. The Institute is an independent consortium of the Universities of Alberta, Calgary and Lethbridge that promotes research into various aspects of gaming, emerging gaming trends and problem gambling prevention and treatment.

RACING APPEAL TRIBUNAL

The Minister appoints members to the Racing Appeal Tribunal, as prescribed in the *Horse Racing Alberta Act*, to hear appeals arising from rulings or directions of horse racing officials. The Tribunal's costs are borne by Horse Racing Alberta.

HORSE RACING ALBERTA ACT

The Minister of Gaming is responsible for the *Horse Racing Alberta Act*. The legislation places responsibility for management and regulation of the horse racing industry in Alberta on a private, not-for-profit organization - Horse Racing Alberta.

VISION

A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenue derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its gaming and liquor industries.

MISSION

To ensure integrity and accountability in Alberta's gaming and liquor industries, and to achieve the maximum benefit for Albertans from gaming and liquor activities.

GUIDING PRINCIPLES

The Ministry has adopted the following guiding principles for gaming and liquor in Alberta. These guiding principles are subject to ongoing review to ensure they continue to reflect Albertans' values.

1. The integrity of gaming and liquor activities will be ensured.
2. Gaming and liquor policies will reflect a commitment to social responsibility.
3. Gaming and liquor policies will be supported by sound research and consultation with the public and stakeholders.
4. The collection and use of gaming and liquor revenue will be open and accountable.
5. Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta.
6. Alberta's liquor industry will continue to be among the most progressive and competitive in the country and continue to lead the nation in terms of supply, distribution, pricing and customer service.
7. The financial return to eligible groups from charitable gaming and from provincial lotteries is to be maximized for the benefit of Albertans.

LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

The Ministry of Gaming contributes to the attainment of the 20-year Government of Alberta Strategic Business Plan through Opportunity 4: *Making Alberta the Best Place to Live, Work and Visit* as summarized below:

Goal 1: Alberta will have a diversified and prosperous economy.

- The Ministry of Gaming will continue to work with the liquor industry to ensure that Alberta's unique privatized liquor industry remains progressive and competitive.
- The Ministry of Gaming is committed to maintaining the integrity of Alberta's liquor and gaming industries and achieve a balance between choice, social responsibility and economic benefit to Albertans.
- The Ministry of Gaming will continue to contribute to the development of vibrant rural communities by maintaining a progressive liquor industry, providing opportunities for participation in the charitable gaming model, managing the growth of gaming, and providing Lottery Fund grants to specific volunteer groups, and public and community-based initiatives, including sport, recreational, cultural and other facilities.

Goal 7: The well-being and self-reliance of Aboriginal communities and people will be improved.

- The Ministry of Gaming will continue to work with First Nations to implement the First Nations Gaming Policy.
- The Ministry of Gaming will provide First Nations Development Fund grants which will be used by First Nations for economic, social and community development projects, education, health and infrastructure.

Goal 12: Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas.

- Through the Alberta Lottery Fund, the Ministry of Gaming will continue to provide grants to specific volunteer groups, and public and community-based initiatives.

SIGNIFICANT OPPORTUNITIES AND CHALLENGES

The Ministry continues to address challenges related to achieving its vision. The most significant challenges are ensuring the ongoing integrity of gaming and liquor activities, achieving a balance between consumer choice and the responsible provision of alcohol and gaming entertainment, and managing the ongoing evolution of the gaming and liquor industries, including the anticipated growth in the gaming industry. The Ministry's future opportunities and challenges in relation to the gaming industry include monitoring and adapting to changing technology and consumer preferences. The integrity of gaming and liquor activities requires constant vigilance. In facing this challenge, the Ministry continues to establish rigorous processes to ensure only eligible applicants are licensed. The Ministry also devotes considerable resources to monitoring ongoing operations and investigating all potential threats to the integrity of gaming and liquor activities. The cornerstone of Alberta's approach to its gaming and liquor industries is that all activities are conducted in a socially responsible manner. The Ministry continues to identify opportunities to work closely with stakeholders to develop appropriate policies and innovative programs to promote the responsible use of gaming and liquor products. The Ministry will meet the government's commitments to future policy and legislative reviews. These commitments involve a review of gaming policies, including the First Nations Gaming Policy, and a review of the *Gaming and Liquor Act* and Regulation.

STRATEGIC PRIORITIES 2005-08

Through the Ministry's review of external and internal challenges, the strategic priorities described below have been identified. These are in addition to the important ongoing core activities of the Ministry.

1.	**Integrity**	**Maintaining the highest level of integrity for gaming and liquor activities.**
	Linkage: Goal 1	The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.
	Goal 3	The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.
2.	**Social Responsibility**	**Developing policies and programs to ensure that the gaming and liquor industries continue to operate in a socially responsible manner.**
	Linkage: Goal 2	Albertans are aware of prevention and treatment programs for alcohol abuse.
	Goal 4	Albertans are aware of prevention and treatment programs for problem gambling.
3.	**Progressive Liquor Industry**	**Ensuring that Alberta's liquor industry remains amongst the most progressive and competitive in the country and ensuring that the interests of Alberta consumers are protected.**
	Linkage: Goal 1	The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.
4.	**Maturing Gaming Industry**	**Carefully managing and controlling the growth of the maturing gaming industry in Alberta.**
	Linkage: Goal 3	The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

5.	**First Nations Gaming**	**Managing the implementation of the First Nations Gaming Policy to provide opportunities for gaming facilities on First Nations land for the benefit of First Nations communities.**
	Linkage: Goal 3	The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.
	Goal 5	Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.
6.	**Alberta Lottery Fund Awareness**	**Increasing Albertans' awareness of how the Alberta Lottery Fund benefits volunteer groups and public and community-based initiatives.**
	Linkage: Goal 5	Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.
	Goal 6	Albertans are aware of the initiatives supported by the Alberta Lottery Fund.

CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Core Business One: Alberta's liquor industry operates with integrity, accountability and in a socially responsible manner

GOAL ONE

The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit

What it means

The Ministry is committed to ensuring Alberta's liquor industry will continue to be among the most progressive and competitive in the country and lead the nation in terms of supply, distribution, pricing and customer service. The Ministry ensures the regulation of the liquor industry through the provisions of the *Gaming and Liquor Act* and Regulation.

Strategies

1.1 Monitor emerging issues and trends, and where necessary, develop policies to address the social and economic implications of these issues.

1.2 Ensure the liquor industry operates in compliance with legislation and policy.

1.3 Work with the liquor industry to ensure Alberta's unique privatized liquor industry remains progressive and competitive.

1.4 Ensure liquor policies protect the interests of Albertans and benefit Alberta's consumers.

1.5 Consult with stakeholders on major policy initiatives.

1.6 Explore and implement opportunities for enhanced electronic delivery of customer services.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
1.a Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta	79%	80%	80%	80%

GOAL TWO

Albertans are aware of prevention and treatment programs for alcohol abuse

What it means The Ministry is committed to ensuring that Alberta's liquor industry operates in a socially responsible manner. The Ministry partners with AADAC and other stakeholders to ensure the availability of prevention and treatment programs for alcohol abuse.

Strategies

2.1 Partner with AADAC and the liquor industry to develop and deliver programs related to the responsible sale and consumption of liquor.

2.2 In partnership with AADAC and the liquor industry, ensure consumers of alcohol are aware of prevention and treatment programs for alcohol abuse.

2.3 Support research and education related to the responsible use of alcohol in areas such as Fetal Alcohol Spectrum Disorder.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
2.a Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.	92%	90%	90%	90%

Core Business Two: Alberta's gaming industry operates with integrity, accountability and in a socially responsible manner

GOAL THREE

The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit

What it means The Ministry is committed to ensuring that Alberta's gaming industry operates with integrity while offering gaming entertainment choices to Albertans, delivering gaming activities in a socially responsible manner, and providing economic benefits to charities. The Ministry ensures the regulation of the gaming industry through the provisions of the *Gaming and Liquor Act* and Regulation.

Strategies

3.1 Monitor emerging issues and trends, and where necessary, develop policies to address the social and economic implications of these issues.

3.2 Develop a framework for the review of gaming policies, legislation and regulation.

3.3 Ensure Albertans are consulted with respect to major policy initiatives.

3.4 Ensure Alberta's charitable gaming model continues to provide maximum benefit to charities.

3.5 Ensure the gaming industry operates in compliance with legislation and policy.

3.6 Work with First Nations to continue to implement the First Nations Gaming Policy and ensure policies are consistent with the charitable gaming model and the government's Aboriginal Policy Framework.

3.7 Fulfill government's commitment to review the First Nations Gaming Policy.

3.8 Ensure the accountability of Horse Racing Alberta for its legislated responsibilities and the funding provided to it under the Racing Industry Renewal Initiative.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
3.a Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming in Alberta.	70%	70%	70%	70%

GOAL FOUR

Albertans are aware of prevention and treatment programs for problem gambling

What it means The Ministry is committed to ensuring the gaming industry operates in a socially responsible manner. The Ministry partners with AADAC and other stakeholders to ensure the availability of prevention and treatment programs for those who may experience a problem with gambling. Research into various aspects of gaming is funded to enhance understanding and assist policy development.

Strategies

4.1 Partner with AADAC and the gaming industry to develop and deliver responsible gaming programs.

4.2 In partnership with AADAC and the gaming industry, ensure consumers of gaming products are aware of prevention and treatment programs for problem gambling.

4.3 Work collaboratively with post-secondary institutions, the gaming industry, stakeholders and other jurisdictions to identify priority research needs.

4.4 Conduct research into various aspects of gaming including player attitudes and behaviours, responsible gaming programs and socio-economic analysis.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
4.a Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.	89%	90%	90%	90%

Core Business Three: The Alberta Lottery Fund benefits Alberta communities

GOAL FIVE

Lottery Funds are effectively managed and support volunteer, public and community-based initiatives

What it means Revenues from provincial lotteries are directed to the Alberta Lottery Fund and identified for use by specific volunteer groups, and for public and community-based initiatives. The AGLC is responsible for administration of the Alberta Lottery Fund and the Department of Gaming delivers various lottery-funded programs.

Strategies

5.1 Allocate Alberta Lottery Fund proceeds according to government policy.

5.2 Provide Community Facility Enhancement Program matching grants to improve Alberta's community public-use facilities.

5.3 Support project-based initiatives through the Community Initiatives Program.

5.4 Provide First Nations Development Fund grants for economic, social and community development projects, education, health and infrastructure for First Nations.

5.5 Fulfill government commitments to allocate gaming revenue to specific initiatives such as the Racing Industry Renewal Initiative and Bingo Association charities.

5.6 Continue to enhance the reporting systems related to grants and charitable gaming proceeds.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
5.a Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer groups, and public and community-based initiatives.	100%	100%	100%	100%
5.b Percentage of administration costs of lottery-funded programs administered by the Department of Gaming.	0.92%	Less than 2% of program disbursements	Less than 2% of program disbursements	Less than 2% of program disbursements

GOAL SIX

Albertans are aware of the initiatives supported by the Alberta Lottery Fund

What it means The Ministry informs Albertans about the Alberta Lottery Fund and its support of volunteer groups, and public and community-based initiatives.

Strategies

6.1 Communicate the benefits of the Alberta Lottery Fund to Albertans.

6.2 Work with recipients of lottery funds to enhance the use of the Alberta Lottery Fund visual identity in communities across Alberta.

6.3 Work with other ministries, lottery-funded agencies, and stakeholders to enhance awareness of lottery-funded initiatives.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
6.a Percentage of Albertans who are aware that the Alberta Lottery Fund supports volunteer groups, and public and community-based initiatives. *	72%	63%	64%	65%
6.b Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used. **	68%	70%	73%	75%

Notes:

* The results for this performance measure are based on the percentage of survey participants who have indicated that they are aware that the Alberta Lottery Fund provides financial support to charitable organizations, non-profit organizations, public initiatives, or community-based projects.

** The results for this performance measure represent survey participant's level of satisfaction after they have been informed that the Alberta Lottery Fund is comprised of the government's share from video lottery terminals, slot machines, and lottery ticket sales and that the funds are used to support charitable organizations, non-profit organizations, public initiatives, and community-based projects.

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable 2003-04 Actual	Comparable 2004-05 Budget	Comparable 2004-05 Forecast	2005-06 Estimates	2006-07 Target	2007-08 Target
Alberta's liquor industry operates with integrity, accountability and in a socially responsible manner	417	565	565	549	549	549
Alberta's gaming industry operates with integrity, accountability and in a socially responsible manner	2,382	2,732	2,732	2,698	2,698	2,698
The Alberta Lottery Fund benefits Alberta communities	1,132,159	1,168,498	1,218,591	1,208,340	1,264,027	1,295,743
MINISTRY EXPENSE	1,134,958	1,171,795	1,221,888	1,211,587	1,267,274	1,298,990

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable 2003-04 Actual	Comparable 2004-05 Budget	Comparable 2004-05 Forecast	2005-06 Estimates	2006-07 Target	2007-08 Target
REVENUE						
Net Income from Commercial Operations						
Net Gaming and Lottery Revenue	1,125,194	1,161,831	1,211,924	1,201,533	1,257,220	1,288,936
Net Liquor and Related Revenue	556,608	550,778	553,582	559,961	570,752	581,752
Investment Income						
Lottery Fund Interest Revenue	6,917	6,000	6,000	6,000	6,000	6,000
Other Revenue						
Various	236	-	-	-	-	-
MINISTRY REVENUE	1,688,955	1,718,609	1,771,506	1,767,494	1,833,972	1,876,688
EXPENSE						
Program						
Ministry Support Services	1,668	2,263	2,263	2,197	2,197	2,197
Gaming Research	1,548	1,600	1,600	1,600	1,600	1,600
Lottery Funded Programs	139,557	160,849	193,724	165,390	198,805	203,805
Lottery Fund Payments to Other Ministries	992,185	1,007,083	1,024,301	1,042,400	1,064,672	1,091,388
MINISTRY EXPENSE	1,134,958	1,171,795	1,221,888	1,211,587	1,267,274	1,298,990
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	553,997	546,814	549,618	555,907	566,698	577,698

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable 2003-04 Actual	Comparable 2004-05 Budget	Comparable 2004-05 Forecast	2005-06 Estimates	2006-07 Target	2007-08 Target
Ministry Revenue	1,688,955	1,718,609	1,771,506	1,767,494	1,833,972	1,876,688
Inter-ministry consolidation adjustments	-	-	-	-	-	-
Consolidated Revenue	1,688,955	1,718,609	1,771,506	1,767,494	1,833,972	1,876,688
Ministry Program Expense	1,134,958	1,171,795	1,221,888	1,211,587	1,267,274	1,298,990
Inter-ministry consolidation adjustments	(992,185)	(1,007,083)	(1,024,301)	(1,042,400)	(1,064,672)	(1,091,388)
Consolidated Program Expense	**142,773**	**164,712**	**197,587**	**169,187**	**202,602**	**207,602**
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	1,546,182	1,553,897	1,573,919	1,598,307	1,631,370	1,669,086